

IMC Policy Subcommittee
IT CONTRACTS TASK FORCE

EXECUTIVE SUMMARY

State government agencies within Colorado have experienced varying degrees of success related to the management of information technology (IT) projects and contracts. The less successful projects and programs tend to be spotlighted and generate concern within the citizenry and state government as to how funds are being utilized. It is a strong desire of the State of Colorado, State government legislators, executive directors, the Commission on Information Management, Governor's Office of Innovation and Technology, and other high-level stakeholders to improve the outcomes of information technology projects and the management of IT contracts.

In April 2005 the Commission on Information Management (IMC) Policy Subcommittee recommended establishment of an Information Technology (IT) Contracts Task Force for the purpose of reviewing IT contracts in the State and to develop model IT contracts for state agencies to use, and an IT Administrative Guide for training contract administrators on specific IT contract management best practices.

In June 2005, the Commission on Information Management (IMC) and Governor's Office of Innovation and Technology established an IT Contracts Task Force through the IMC Policy Subcommittee. This group began meeting on a bi-weekly basis to discuss ways to improve IT contract management efforts for State agencies. The IT Contract Task Force is comprised of representatives from:

- ◆ Governor's Office of Innovation and Technology
- ◆ Department of Personnel and Administration (DPA) – Procurement
- ◆ DPA - State Controller's Office
- ◆ DPA - State Purchasing
- ◆ Attorney General's Office

In January 2006 the IT Contracts Task Force completed development of two (2) model IT contract templates for state agencies to use and an IT Administrative Guide for training contract administrators. The need for two model IT contracts is due to the fact that state agency contracts predominantly fall into either of two categories: (a) license agreements (90-95%), or (b) system integration efforts (5-10%). The following describes these two proposed model IT contracts:

1. A model IT contract for Services/Integrations will be used for system development efforts in which the State will own the code and the software created by the contractor.
2. A model IT contract for License Agreements will be used for licenses and purchasing equipment with operating systems.

The primary purpose of providing model IT contract templates is to reduce the complexity and difficulty of creating, negotiating, and administration of IT contracts. Benefits of working with model IT contracts include:

- State agencies will have a consistent form to include in procurement documents when hiring contractors for IT projects, so they won't have to develop their own form contract. Thus saving time and effort on the part of the agencies, which can be better used in the negotiation process.
- Consistent contract language makes it easier for contract administrators to become familiar with the contract terms making negotiating and managing the contract easier.
- Vendors will become familiar with State IT contracts and know what is expected, making negotiations easier.
- Includes terms and conditions (T&C) that protect the State.
- Contract terms and conditions, remedies, and additional language will help to more effectively manage the project.

The purpose of an IT Administrative Guide is for training contract administrators on IT contract management best practices. Overall, the use of model IT contracts and an IT Administrative Guide will improve the quality and success rate of information technology projects in state government. It is the belief of the OIT and IMC that adoption, implementation, and required use of model IT contracts and an IT Administrative Guide will become an integral force in improving the outcome of future projects.

Key objectives of the IT Contracts Task Force are to:

- ◆ Develop model IT contracts for state agencies to use.
- ◆ Develop IT contract management guidelines to train state agencies on IT contract management best practices.
- ◆ Present the final model IT contracts and IT Administrative Guide to the January 20, 2006 IMC for adoption.
- ◆ Provide state agencies with the adopted model IT contracts and recommend their use.
- ◆ Coordinate with the State Controller for inclusion of model IT contracts into their policy for model contracts.
- ◆ Coordinate with the State Controller for implementation and required use of the model IT contracts.
- ◆ Coordinate with the Department of Personnel and Administration – Division of Human Resources, Professional Development for implementation of the IT Administrative Guide through a specific IT contract management training program.

The first phase of this initiative focused on coordination with the state of Georgia's "Georgia Technology Authority" regarding their successful efforts in developing model IT contracts and an IT Administrative Guide for Georgia state agencies to use. Insights, information, and model IT contracts from the Georgia Technology Authority will guide the Colorado IT Contracts Task Force in development of one or more model IT contracts for state agencies to use, as well as an IT administrative guide for training contract administrators on IT contract management best practices. The IT Contracts Task Force targeted completion of these documents for submittal to the IMC for adoption at their January 20, 2006 Meeting, and subsequent distribution to state agencies recommending they use the model IT contracts.

The second phase of this initiative will focus on coordination efforts with the State Controller for adoption and required use of the model IT contracts as State Controller policy within three (3) months from IMC adoption. Per the authority of the State Controller's Fiscal Rules and statute, C.R.S. 24-30-202, all model contracts have to be approved by the State Controller. Therefore, the IMC will seek approval and required use of the two model IT contract templates by all state agencies for all future IT contracts. OIT/IMC will coordinate with the Department of Personnel and Administration – Human Resources Division, Professional Development Unit to develop an IT contract management training class based on IT contract management best practices and utilizing the IT Administrative Guide.